

ILAC Implementation Update

Status as of: 4/21/08

| | Commodities | Inflation-Linked Bonds (ILB) | Infrastructure | Forestland |
|----------------------------------|---|---|--|---|
| Investment Policies | Approved | Approved | To be submitted to Policy Subcommittee on 4/21/08. | Approved |
| Staffing/Organization | Existing Commodities PM position - transferred from Global Fixed Income (GFI) in March 2008. | GFI Unit continues to staff this investment area; agreement between SIO's GFI and Asset Allocation completed in January 2008. | SPM position approved as of 1/1/08; Korn/Ferry (Toronto) retained to conduct this recruitment. PM position approved as of 7/1/08. IO III approved as of 1/1/08 and IO II is a current vacancy. Recruitment for the PM will be launched in tandem with SPM search. IO positions will be opened in the coming weeks. | |
| Delegations | Approved by Board 2/21/08. | Approved by Board 2/21/08. | To be submitted prior to July 1, 2008. | To be submitted prior to July 1, 2008. |
| Incentive Plan | Approved | Approved | To be presented once staff are hired. | To be presented once staff are hired. |
| Investment Implementation | Exposure increased from \$450 million to \$950 million in March 2008. Portfolio is comprised of \$700 million in enhanced (market-neutral relative value) strategies and \$250 million in index strategies. | ILB portfolio has invested \$1 billion in U.S. and non-U.S. inflation-linked bonds. | Pending approval of policy, delegation and staffing. | As discussed with the Committee, existing investments will be handled under current delegations. Sylvanus Partners Annual Investment Plan (AIP) was approved by SIO-Real Estate. Proposed New Zealand acquisition will be reviewed under the AIP. New commitments will be considered after all prerequisites are met and the Committee is informed. |
| Total ILAC Investments | Increased to \$3.5 billion as of April 1, 2008 from \$1.9 billion as of December 31, 2007. | | | |